

Attorney General Recoveries

(FY2007 Appropriation Bill – Public Act 330 of 2006)

Section 270: Within 30 days after receipt of the notification from the attorney general's office of a legal action in which expenses had been recovered pursuant to section 106(4) of the social welfare act, 1939 PA 280, MCL 400.106, or any other statute under which the department has the right to recover expenses, the department shall submit a written report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget office which includes, at a minimum, all of the following:

- a) The total amount recovered from the legal action.
- b) The program or service for which the money was originally expended.
- c) Details on the disposition of the funds recovered such as the appropriation or revenue account in which the money was deposited.
- d) A description of the facts involved in the legal action.

*Michigan Department
of Community Health*



Jennifer M. Granholm, Governor
Janet Olszewski, Director

ATTORNEY GENERAL RECOVERIES

In October 2006, a settlement agreement was entered into between the Attorney General and Specialized Pharmacy Services, Inc, et.al. to resolve issues on liability for violations of the Michigan Medicaid False Claims Act, breach of contract, unjust enrichment and conversion. Specifically, the defendants were accused of violating the unit dosage policy on crediting Medicaid for returned unused unit-dosed medications, billing Medicaid for medications not used by Medicaid patients and not credited back to Medicaid when returned, billing for prescriptions after the Medicaid patient's death and failing to make adjustments in claims after a patient's death. All expenditures were made through the Pharmacy line in the Medical Services section of the annual Department of Community Health appropriations bill. Pursuant to the agreement, Specialized Pharmacy agreed to pay the State of Michigan a total of \$49 million:

Medicaid reimbursements	\$ 15,900,477
Satisfaction of the Medicaid false claim act	\$ 31,800,954
Attorney General investigative costs	\$ 300,000
Drug pricing public service announcements	<u>\$ 1,000,000</u>
	\$ 49,001,431

On October 10, 2006 \$42,001,431 of the total settlement was paid to the state allocated in the following manner:

Attorney General	\$ 1,689,130
Medicaid reimbursement – federal share	\$ 8,998,080
Medicaid Reimbursement– state share	\$ 6,902,397
Medicaid false claims act penalty	<u>\$24,411,824</u>
	\$42,001,431

There is a deferred amount of \$2,000,000 per year for fiscal years 2008, 2009, and 2010 totaling \$6,000,000. The \$1,000,000 for public service announcements will be paid to a to be determined private entity.